

ARCHER & GREINER, P.C.
630 Third Avenue
New York, New York 10017
Tel: (212) 682-4940
Allen G. Kadish
Harrison H.D. Breakstone
Email: akadish@archerlaw.com
hbreakstone@archerlaw.com

*Proposed Counsel for Northeast Brooklyn Partnership,
Debtor and Debtor-in-Possession*

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re: Chapter 11
NORTHEAST BROOKLYN PARTNERSHIP, Case No. 19-40822 (CEC)
Debtor.

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**DECLARATION OF JEFFREY E. DUNSTON
PURSUANT TO LOCAL BANKRUPTCY RULE 1007-4**

JEFFREY E. DUNSTON, being duly sworn, declares as follows:

1. I am an authorized representative and signatory of Northeast Brooklyn Partnership (the "Debtor"), a New York limited partnership.
2. I am acting herein on behalf of the Debtor, and am authorized to submit this Declaration pursuant to the Eastern District of New York Local Bankruptcy Rule 1007-4 in support of the voluntary petition filed.
3. Unless otherwise stated, I have personal knowledge of the facts contained herein. I am aware of the business and financial condition of the Debtor.
4. Unless otherwise indicated, all financial information contained herein is presented on an estimated and unaudited basis.

5. The Debtor is not a “small business debtor” as such term is used under section 101(51)(D) of the Bankruptcy Code.

6. The Debtor is not a “single asset real estate debtor” as such term is used under section 101(51)(B) of the Bankruptcy Code.

7. No other bankruptcy petition has been filed for this Debtor.

8. No committee of creditors has been formed in this case to date.

Background

9. The Debtor is a for-profit limited liability partnership organized under the laws of New York on or about August 29, 1991. The Debtor owns and operates five residential buildings and an additional lot (the “**Buildings**”), totaling 40 units that are over 90% leased:

Address	Units	Neighborhood
409 Kosciuszko Street, Brooklyn, New York 11221	3	Bedford-Stuyvesant
403 Kosciuszko Street, Brooklyn, New York 11221	13	Bedford-Stuyvesant
399 Kosciuszko Street, Brooklyn, New York 11221	12	Bedford-Stuyvesant
397 Kosciuszko Street, Brooklyn, New York 11221	Lot	Bedford-Stuyvesant
675 Halsey Street, Brooklyn, New York 11233	6	Stuyvesant Heights
671 Halsey Street, Brooklyn, New York 11233	6	Stuyvesant Heights

10. The Debtor’s stated purpose upon its organization was, and remains, to acquire the land and improvements and rehabilitate or construct the Buildings, to finance such acquisition and rehabilitation or construction through loans, and to operate, manage, lease, and otherwise deal with the Buildings as a real estate development consisting of, or including in significant part, low-income rental housing. The purposes of the partnership also include the

provision of decent, safe, and sanitary housing affordable to low-income households and qualifying for low-income housing tax benefits (together, the “**Partnership Purpose**”).

11. The Debtor is a domestic limited partnership with one general partner and one limited partner.

12. Cheryl’s Villa Housing Corporation (“**Cheryl’s Villa**”) is the general partner of the Debtor.

13. Cheryl’s Villa is a for-profit, New York corporation incorporated on February 15, 1991 with a corporate purpose, among others, of serving as the general partner of a limited partnership engaged in the development and operation of low-income housing accommodations under the federal low-income housing tax credit program.

14. North Hill 1 LLC (“**North Hill**”) is the limited partner of the Debtor.

15. North Hill is a for-profit, New York limited liability corporation incorporated on March 7, 2017.

16. Northeast Brooklyn Housing Development Corporation (“**NEB**”) is the sole shareholder of Cheryl’s Villa and North Hill.

17. NEB was incorporated in January 1985 as a 501(c)(3) not-for-profit organization with a mission to provide affordable rental housing to low-income residents of Central Brooklyn, with an initial focus on advocacy through block associations and merchant and tenant organizing.

18. The Debtor is empowered to do and perform all acts necessary to accomplish the Partnership Purpose.

19. Given the Partnership Purpose of the Debtor and its partnership structure, NEB, as the sole member of both the Debtor’s general and limited partner manages operations of the Debtor. NEB executes the administrative, financial and operational functions of the Debtor.

20. A Property Management Agreement and a Janitorial Agreement have been entered into between NEB and the Debtor, under which NEB operates the Buildings and provides maintenance services.

21. The Debtor maintains insurance on the Building, which is current, and intends to preserve such coverage. Proof of insurance will be provided to the United States Trustee.

22. The value of the Buildings as determined for insurance purposes is in excess of \$8,734,000.00.

23. The Debtor believes that significant equity remains in the Buildings which can support a sale or refinance transaction and ultimately a chapter 11 reorganization.

**Circumstance Leading to the
Commencement of this Chapter 11 Case**

A. The City of New York Mortgages

24. The Debtor entered into the following mortgages with the City of New York (the “City”) totaling \$2,848,843.00, as asserted by the City:

- (i) Note dated June 27, 1991 for \$2,432,706.00 recorded on August 13, 1991 at Reel 2729 Page 1076. The note and mortgage were thereafter modified by Mortgage and Note Modification Agreement dated July 31, 2012 and recorded August 30, 2012 at CRFN 2012000244851.
- (ii) Note dated July 31, 2012 for \$416,137.00 recorded on August 30, 2012 at CRFN 2012000344853.

25. At some point the Debtor failed to make monthly debt service after attempts to sell the Buildings failed due to lack of cooperation by the City.

26. The Debtor entered into a contract of sale pre-petition for the sale of the Buildings for an amount in excess of the secured debt of the City. The Debtor intends to file a motion to approve the contract of sale.

B. The Foreclosure Litigation

27. On October 31, 2017, the City commenced the Foreclosure Action in the Supreme Court of the State of New York, County of Kings (the “State Court”), against the Debtor and several other parties titled *City of New York v. Northeast Brooklyn Partnership, New York State Department of Taxation and Finance, New York City Environmental Control Board, City of New York Department of Finance; Betty J. Cox d/b/a JS Secretarial Services; and “John Does” #’s 1-100* (No. 521090/2017) (the “Foreclosure Action”).

28. The City commenced the commercial foreclosure action alleging that the Debtor failed to comply with the terms and provisions of the mortgages by failing to pay the monthly debt service due and owing on July 1, 2017, and thereafter.

29. On December 13, 2018, the State Court entered an *Order of Receivership* [NYSCEF Doc. No. 95].

30. Upon information and belief, the receiver appointed therein has not taken any steps in furtherance of its duty.

31. The Debtor believes it can consummate a sale or refinance transaction within the parameters of chapter 11.

32. In order to avoid the potential disposition of the Building and to preserve the value of the Buildings for the benefit of the Debtor and its partners, the Debtor files this chapter 11 case.

Other Disclosures Required by Local Rule 1007-4

33. Local Rule 1007-4 requires the Debtor to disclose certain information. The information is outlined below and set forth in the exhibits attached hereto.

34. As required by Local Bankruptcy Rule 1007-4(a)(i), the Debtor is required to set forth whether the debtor is a small business debtor within the meaning of Section 101(51)(D). The Debtor is not a small business debtor under this statute.

35. As required by Local Bankruptcy Rule 1007-4(a)(v), the Debtor must provide a list of the Debtor's twenty (20) largest unsecured creditors. The list is attached hereto as Exhibit "A".

36. As required by Local Bankruptcy Rule 1007-4(a)(vi), the Debtor must provide a list of the Debtor's five largest secured creditors. The list is attached hereto as Exhibit "B".

37. As required by Local Bankruptcy Rule 1007-4(a)(vii), the Debtor must provide a summary of the Debtor's assets and liabilities. Attached as Exhibit "C" is the Debtor's latest Balance Sheet, which reflects the Debtor's assets and liabilities.

38. As required by Local Bankruptcy Rule 1007-4(a)(viii), the Debtor is required to disclose whether any of its securities are publicly held. The Debtor has no publicly traded securities.

39. As required by Local Bankruptcy Rule 1007-4(a)(ix), the Debtor is not aware of any property being held in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, or secured creditor, or agent for any such entity.

40. As required by Local Bankruptcy Rule 1007-4(a)(x), the Debtor must provide a list of the premises owned, leased or held under any other arrangement from which the debtor operates its business. The Debtor owns the Buildings described above.

41. As required by Local Bankruptcy Rule 1007-4(a)(xi), the Debtor must provide a list of the locations of the Debtor's significant assets, books and records. The Debtor's main

assets are the Buildings. The Debtor has a bank account with Bank of America. The Debtor's books and records are located with NEB at 132 Ralph Avenue, Brooklyn, New York 11233.

42. As required by Local Bankruptcy Rule 1007-4(a)(xii), the Debtor must provide the nature and present status of each action or proceeding, pending or threatened, against the debtor or its property where a judgment against the debtor or a seizure of its property may be imminent. Attached hereto as Exhibit "D" is a schedule of lawsuits currently pending where the Debtor is a party. The Debtor intends to add additional items as necessary.

43. As required by Local Bankruptcy Rule 1007-4(a)(xiii), the Debtor must provide the names of the debtor's existing senior management, their tenure with the debtor, and a summary of their relevant responsibilities and experience. As of February 11, 2019, the authorized representative of the Debtor is as follows:

Jeffrey Dunston, 27 years – Authorized representative of the Debtor and oversees the management and operation of the entity. Has over 25 years of experience in the field of community, economic and real estate development that has resulted in community assets totaling \$150MM. Mr. Dunston is also the chief executive officer of NEB. Mr. Dunston is a director of Cheryl's Villa, a director of North Hill and the authorized representative of the Debtor.

44. As required by Local Bankruptcy Rule 1007-4(a)(xiv), the Debtor must provide the estimated amount of weekly payroll. The Debtor maintains no weekly payroll.

45. As required by Local Bankruptcy Rule 1007-4(a)(xv), the Debtor must provide the amount paid and proposed to be paid to officers and directors for services for the 30-day period following the filing of the chapter 11 petition. The Debtor will pay no officers and directors during the 30-day period following date of the Order for Relief.

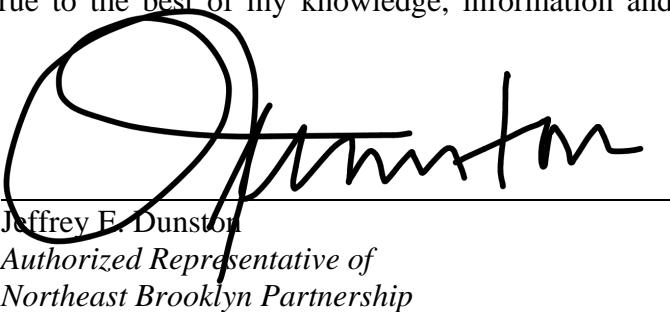
46. As required by Local Bankruptcy Rule 1007-4(a)(xvi), the Debtor must provide a schedule for the 30-day period following the filing of the chapter 11 petition, of estimated cash

receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remaining unpaid, other than professional fees, and any other relevant information. Given the Balance Sheet filed herewith as Exhibit "C" the estimated monthly receipts and disbursements are approximately \$26,800.92 and \$19,754.87, respectively.

47. As required by Local Bankruptcy Rule 1007-4(a)(xvii), the Debtor must provide additional information that may be necessary to fully inform the Court of the Debtor's rehabilitation prospects. The Debtor intends to supplement this filing with any information it believes would be necessary or helpful to fully inform the Court of the Debtor's rehabilitation prospects.

I hereby declare, under penalty of perjury, pursuant to section 1746 of title 28 of the United States Code, that the foregoing is true to the best of my knowledge, information and belief.

Dated: New York, New York
February 12, 2019



Jeffrey F. Dunston
*Authorized Representative of
Northeast Brooklyn Partnership*

INDEX OF EXHIBITS

Exhibit "A" – Debtor's Twenty (20) Largest Unsecured Creditors

Exhibit "B" – Debtor's Five Largest Secured Creditors

Exhibit "C" – Balance Sheet

Exhibit "D" – Schedule of Lawsuits

EXHIBIT "A"DEBTOR'S TWENTY (20) LARGEST UNSECURED CREDITORS

Name of creditor and complete mailing address, including zip code	Nature of Claim	Amount of Claim	C U D (If contingent, enter C; if unliquidated, enter U; if disputed, enter D.)
NYC Water Board PO Box 11863 Newark, NJ 07101-8163	Trade debt	\$49,361.93	n/a
MDG Design & Construction LLC 1328 New York Avenue Huntington Station, NY 11746	Trade debt	\$42,399.74	n/a
NEBHDCo 132 Ralph Ave. Brooklyn, NY 11233	Contract arrears	\$41,263.23	n/a
NEBHDCo 132 Ralph Ave. Brooklyn, NY 11233	Contract arrears	\$16,217.88	n/a
NYC Dept. of Finance 100 Gold Street New York, NY 10038	Taxes	\$15,438.56	n/a
Ivan Armstrong, CPA 45-09 30th Avenue Astoria, NY 11103	Professional services	\$12,646.00	n/a
J. Alam Home Improvement, Inc. 230 Ocean Parkway, Apt D8 Brooklyn, NY 11218	Trade debt	\$6,200.00	n/a
E & S Maintenance PO Box 190917 Brooklyn, NY 11219	Trade debt	\$6,009.80	n/a
National Grid PO Box 11741 Newark, NJ 07101-4741	Trade debt	\$5,711.65	n/a
S.D.L. Appliance Repair Service 727 Schenck Avenue Brooklyn, NY 11207	Trade debt	\$5,128.03	n/a
ConEdison JAF Station P.O. Box 138 New York, NY 102766-0138	Trade debt	\$4,907.18	n/a
Superior Maintenance Supply 162 Spencer St. Brooklyn NY 11205	Trade debt	\$4,526.02	n/a
Rosenblum & Bianco, L.L.P. 100 Merrick Road, Suite 306E Rockville Centre, NY 11570	Professional services	\$4,515.25	n/a
Advantage Wholesale Supply 172 Empire Boulevard Brooklyn, NY 11225	Trade debt	\$4,403.01	n/a

Diamond Pump Electric Motor Co. 5511 Metropolitan Avenue Queens, NY 11385	Trade debt	\$3,756.19	n/a
New York Water Management Inc. P.O. Box 190727 Brooklyn NY 11219	Trade debt	\$3,252.05	n/a
Eldon V. Lessie 292 Midwood Street, B5 Brooklyn, NY 11225	Trade debt	\$2,759.00	n/a
SiteCompli, LLC 53 West 23rd Street, 12th Fl. New York, NY 10010	Trade debt	\$2,707.84	n/a
Cohn Reznick LLP 1 Boston Place, Suite 500 Boston, MA 02108	Professional services	\$2,300.00	n/a
BXTERMINATOR 625 Southern Blvd., Suite 1A Bronx, NY 10455	Trade debt	\$1,435.16	n/a

EXHIBIT "B"DEBTOR'S FIVE LARGEST SECURED CREDITORS

Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of Claim	Amount of Claim	C U D (If contingent, enter C; if unliquidated, enter U; if disputed, enter D.)
The City of New York Department of Housing Preservation and Development 100 Gold Street New York, New York 10038	Department of Housing Preservation and Development Attn: Marc S. DeMilt 100 Gold Street, Room 5-W2 New York, New York 10038	Mortgage	\$2,848,843.00 as of 6/31/12	C, U, D

EXHIBIT "C"

BALANCE SHEET

Northeast Brooklyn, LP (nor)

Balance Sheet

Period = Jan 2019

Book = Accrual ; Tree = ysi_bs

		Current Balance
10000	ASSETS	
11000	CASH IN BANKS	
11010	Operating Account	17,721.99
11025	Operating LC Escrow Acct.	-149.04
11030	Operating Reserve - ML	11,870.00
11033	Operating Reserves - HDC	201,327.01
11040	Replacement Reserve - ML	7,870.00
11043	Replacement Reserves HDC	21,942.32
11050	Tenant Security Deposit	17,684.74
11499	CASH IN BANKS	278,267.02
13000	RENT RECEIVABLE	
13010	Residential Rent Receivable	85,296.86
13011	Contra Residential Rec.	-1,357.10
13019	Accts Rec - Suspense	1,525.11
13020	Residential Subsidy Receivable	4,718.08
13060	Allowance for Uncollectable	19,161.92
13499	TOTAL RENT RECEIVABLE	67,970.81
14000	INTERCOMPANY RECEIVABLE	
14130	D/T-D/F Hunterfly, LP	3,000.00
14200	D/T-D/F NEB, LP	-10,970.13
14230	D/T-D/F NEBHDCO (General)	6,463.61
14240	D/T-D/F Northeast Brooklyn, LP	-1,059.25
14260	D/T-D/F Raymond Ballard Apartments, HDFC	-10,000.00
14499	TOTAL INTERCOMPANY RECEIVABLE	-12,565.77
16010	Prepaid Expense	2,235.00
16030	Utilities Deposit	205.00
16060	Escrow Replacement Reserve	6.72
16070	Escrow Insurance	6.72
16120	D/T Operating Reserve	3,750.00
16130	D/T Replacement Reserve	3,000.00
16140	Other Assets	66,176.00
16499	TOTAL OTHER CURRENT ASSEST	75,379.44
17000	FIXED ASSETS	
17010	Appliance	18,642.95
17020	Building	18,000.00
17030	Building Equipment Portable	6,288.18
17050	Building Improvement - Residential	3,569,426.58

Northeast Brooklyn, LP (nor)

Balance Sheet

Period = Jan 2019

Book = Accrual ; Tree = ysi_bs

		Current Balance
17070	Land	2,000.00
17110	Organizational Costs	7,499.42
17120	Accumulated Amortization	-2,000.00
17130	Accumulated Depreciation	-2,711,865.98
17499	TOTAL FIXED ASSETS	907,991.15
18190	Dev - Asbestos Inspection & Test	975.00
18499	TOTAL CONSTRUCTION COSTS	975.00
19999	TOTAL ASSETS	1,318,017.65
 20000	LIABILITIES	
 21000	CURRENT LIABILITIES	
21010	Accounts Payable	626,423.17
21012	Contra A/P	-27,603.10
21020	Accrued Expenses	4,000.00
21023	A/P Contra Account - CPC	-431,127.84
21026	A/P Contra MDG Construction	-42,399.74
21030	Accrued Interest	51,149.21
21035	Accrued Construction Cost	-27,775.24
21036	Water, Sewer & RE Tax	31,568.15
21039	Accrued Management Fees	12,726.98
21040	Tenant Deposit Payable	22,790.81
21041	Accrued Janitorial Fees	23,833.11
21050	Tenant Deposit Interest Payable	50.62
21070	Prepaid Rental Income - Cash Basis	1,658.83
21080	Prepaid Subsidy Income	2,503.59
21082	Prepaid Rent - Contra	-1,357.10
21499	TOTAL CURRENT LIABILITIES	246,441.45
 23000	BUILDING LOANS PAYABLE	
23010	Mortgage Principal HPD	2,157,615.27
23011	Mortgage Principal - NYCHDC	84,140.00
23100	NYC HPD Loan	403,748.00
23105	Mortgage	275,000.00
23499	TOTAL BUILDING LOANS PAYABLE	2,920,503.27
29999	TOTAL LIABILITIES	3,166,944.72
 30000	EQUITY	
30020	Net Assets, Limited Partnership Equity	-1,414,552.15
30030	General Partner Equity	-21,285.20
30050	Retained Earnings	-413,089.72
39999	TOTAL EQUITY	-1,848,927.07

Northeast Brooklyn, LP (nor)

Balance Sheet

Period = Jan 2019

Book = Accrual ; Tree = ysi_bs

Current Balance

TOTAL LIABILITIES & EQUITY	1,318,017.65
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EXHIBIT "D"SCHEDULE OF LAWSUITS

CAPTION OF SUIT	CASE NUMBER	NATURE OF PROCEEDING	COURT & LOCATION	STATUS OR DISPOSITION
City of New York v. Northeast Brooklyn Partnership, New York State Department of Taxation and Finance, New York City Environmental Control Board; City of New York Department of Finance; Betty J. Cox d/b/a JS Secretarial Services; and "John Does" #'s 1-100	Index No. 521090/2017	Foreclosure	Kings County Supreme Court	Stayed